

**Minutes of the Public Education Appropriations Subcommittee Meeting  
November 21, 2008  
Room 445, State Capitol**

**Members Present:** Sen. Howard Stephenson, Co-Chair  
Rep. Bradley G. Last, Co-Chair  
Sen. Lyle W. Hillyard  
Sen. Patricia W. Jones  
Rep. Brad L. Dee  
Rep. Gage Froerer  
Rep. Rhonda Rudd Menlove  
Rep. Carl Wimmer  
Rep. Tim M. Cosgrove  
Rep. Karen W. Morgan

**Staff Present:** Ben Leishman, Fiscal Analyst  
Patrick Lee, Fiscal Analyst  
Mary Andrus, Secretary

**Members Excused:** Sen. Kevin Van Tassell  
Rep. Lorie D. Fowlke  
Rep. Gregory H. Hughes

**Speakers Present:** Dr. Andrea Wilko, Chief Economist  
Larry Shumway, Utah State Office of Education  
Brenda Hales, Utah State Office of Education  
Timothy Smith, Utah Schools for the Deaf and the Blind  
Lorri Quigley, Utah Schools for the Deaf and the Blind  
Madlyn Runburg, Utah Museum of Natural History

**Note:** A list of visitors, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov)

**1. Call to Order – Welcome**

Co-Chair Last called the meeting to order at 8:40 a.m.

Sen. Hillyard discussed the challenges that are before the Legislature with regards to the \$272 million budget shortfall the state is facing. He recommended that the state be as conservative as possible in estimating revenues.

He stated that changes need to be made to the Public Education budget, but they need to be geared toward the individual districts and that the Legislature needs to work together to come up with solutions to the problems they are faced with.

**2. Economic Update**

Dr. Wilko, Chief Economist, LFA, went over the economic indicators used to develop a revenue forecast. They are:

- Production and Spending
- Sales and Construction
- Demographics and Sentiment
- Profits and Resources
- Inflation and Interest
- Employment and Wages
- Income and Unemployment

Dr. Wilko reported that mining resources are on the decline. Construction is down in 2008 from where it was in 2007. Retail sales have gone negative for the first time in a long time. Population growth in the State is down. Inflation has gone up in 2008 with the federal government anticipating deflation in 2009. Total wages have dropped 2 1/2 percent. Employment is down and unemployment is up.

Rep. Froerer asked about the corporate income tax forecast for 2009. Dr. Wilko reported that corporate income tax was expected to be negative in 2009.

Co-Chair Stephenson asked about the retirement fund and the discussion of changing from the defined benefit to defined contribution plan and if anything was being done to switch the program. Dr. Wilko responded that she has not been a part of any of those discussions.

Sen. Jones asked if there were any ways to enhance revenue or ways to "plug the dike," for instance, getting rid of restricted funds. Dr. Wilko said that in the interim, the Executive Appropriations Committee had heard several reports related to non-lapsing balances, fees, and restricted funds and none of those are off the table. Sen. Jones also asked Sen. Hillyard about the cuts in education he had mentioned. He responded by saying that a unified approach is needed in the decision making as far as cuts are concerned. He hoped that the subcommittee will work together with Public Education to find the best solutions.

### **3. Weighted Pupil Unit Funding – Impact of Moving Categorical Programs Above-the-Line**

Ben Leishman, LFA, discussed handouts in the packet. The first handout was a memo from Mr. Leishman to the subcommittee regarding UBSCCT Remediation Program. Rep. Menlove suggested that the subcommittee look at UBSCCT and the importance of that exam. Sen. Stephenson suggested that the UBSCCT exam will eventually be replaced by adaptive testing.

Ben Leishman discussed the handout, "Minimum School Program: WPU Funding and the Impact of Moving Categorical Programs Above-the-Line. The Executive Appropriations Committee had requested that the Public Education Appropriation Subcommittee study this topic. The following tables were part of the handout: Social Security and Retirement, To & From School Pupil Transportation, Local Discretionary Block Grant, Interventions for Student Success Block Grant, Quality Teaching Block Grant, At-Risk Regular Program, Accelerated Learning Programs, Educator Salary Adjustments, and Total All Selected Programs. Social Security and Retirement and To & From School Pupil Transportation were discussed.

Rep. Menlove brought up the transportation costs and the impact on the rural school districts.

Sen. Hillyard made the point that when you increase the value of the WPU there is a misconception as to how it is funded. He wanted a way to let the public know how the money was being allocated in the individual districts.

Co-Chair Last brought up the fact that most of the Below-the-Line programs are legislature initiated programs and it is a matter of local control vs. legislature driven programs.

Rep. Wimmer suggested that local control should not be taken from the individual districts. He suggested that whatever money the districts are spending is made open to the public. Co-Chair Last said that this information is available to anyone. Co-Chair Stephenson informed the subcommittee know that a new transparency website will soon be available.

#### **4. Implementation of 3% Ongoing Budget Reductions in FY 2010**

Ben Leishman reviewed the handout, "Public Education Appropriations Subcommittee." It showed the FY 2009 ongoing base budgets by line-item. It also showed the 3 percent ongoing base budget reductions implemented when S.B. 2001 was passed in the Second Special Session in 2008.

Mr. Leishman noted that the school building program was reduced by 3 percent and the subcommittee will need to look at that during the General Session. He recommended that the amount be removed from the total reduction they need to take from the Minimum School Program.

The next handout, dated 9/24/08, is a detail by program within the education agencies. The next is the Utah State Office of Education – FY 2010 Base Budget. They were both presented by Mr. Leishman.

Larry Shumway, Deputy State School Superintendent, spoke to the subcommittee. He expressed concern that there are challenges in cutting the agency budget and including the programs that have been appropriated and operated through the State Office. When you add those up and then cut the State Office budget by 3 percent but don't cut any of those programs, the 3 percent becomes 25 percent. The calculation is skewed in a way that is very challenging.

Co-Chair Last commented that the State Office budget is approximately \$266 million and most of that budget is for programs that are running through the State Office, not for salaries. Mr. Shumway cautioned that a 3 percent cut would affect programs also.

Sen. Jones inquired what ranking Utah has nationally in regards to the ratio of administrators per pupil. Co-Chair Stephenson responded that his understanding is that the state ranks at the bottom or near the bottom in administrators per student. Part of the reason for that is that we have fewer school districts per student than most of the states in the nation. Ben Leishman reported that according to the *Congressional Quarterly Press*, in 2005–2006 Utah ranked 48th in the nation for the percent of public education, elementary and secondary staff who are school district administrators. That is .04% of elementary and secondary staff are district administrators and 2.4 percent are school administrators.

Rep. Cosgrove asked about the state's teacher – pupil ratio. Mr. Leishman reported that the ratio in 2004 was 22.4 pupils per teacher, the highest in the nation, and that number has not changed much.

Ben Leishman reviewed the spread sheet regarding the Minimum School Program. He had met with the chairs in regards to the 3 percent reduction that will take place in 2010. The first scenario is that they would move two programs, Social Security and Retirement and Educator Salary Adjustments, into the value of the WPU. He reduced each program below the line by 1 percent. He then estimated a percent reduction to the value of the WPU. That reduces the program \$24.8 million. He suggested that the subcommittee take this concept and decide how they want to see the 3 percent implemented. There are many ways to do this and there will be time in the General Session to discuss this.

Larry Shumway, Deputy Superintendent, Utah State Office of Education, reported that his agency has communicated to the superintendents and charter school directors that they should anticipate tough times ahead. They are aware that reductions will likely come. Sen. Stephenson asked about the ability to set aside the \$20 million one-time money for teacher performance pay and the timing involved in the distribution. Mr. Shumway said that the distribution for that money is a WPU driven formula and the share of each district is calculated by taking the number of Local Education Agencies (LEA's) participating in the WPU assigned to them. That created a natural time line. They couldn't distribute the money until they knew how many LEA's were participating and what the enrollment count was.

**5. 4-6 Grade Math Initiative Program Update**

Brenda Hales, Associate Superintendent, USOE, reported on the 4-6 Grade Math Initiative Program. The program has been in effect since 2006. In the study, there were 13 different ideas that were presented by various districts. They used a combination of either incentives or professional development. The results that have come through, after the three years, show there are some very effective programs. There is data out there that show that the program has worked very well. Co-Chair Stephenson expressed his support for the program and the success he has seen in the Jordan School District.

**6. Utah Schools for the Deaf and the Blind**

Superintendent Timothy Smith, Utah Schools for the Deaf and the Blind (USDB), spoke to the subcommittee. He reported that the 3 percent cut has been made without directly effecting students. Any further cuts, would effect students. Michael Sears, Director of Finance, USDB, spoke to the subcommittee. He reported that one of the programs that they looked at to eliminate or reconfigure was transportation, reducing the 20 mile radius of busing to a 15-mile radius. Other programs included eliminating summer camp, extending the school year, and restructuring administrative staff. Further cuts could cause the elimination of the athletic programs, residential program, staff reductions, classroom aids, job coach, and secretarial and administration support staff. Approximately 33 FTE's could be eliminated.

Lorri Quigley, Education Resource Center Director, USDB, addressed the committee regarding the Utah State Instructional Materials Access Center. She discussed the handout, "USIMAC Fact Sheet." USIMAC was created by the establishment of the National Instruction Materials Accessibility Standard (NIMAS). It was a national mandate that each state adopt NIMAS. This program has been very effective in reducing the time it takes to produce a book in braille by about two-thirds. Ms. Quigley expects the program to be in full operation by the spring of 2009. Rep. Menlove expressed her support for the program.

**7.     Science Outreach**

Madlyn Runburg, Director of School Programs, Utah Museum of Natural History, addressed the subcommittee. She advised the subcommittee that further cuts in the budget would affect about 20,000 students throughout the state. Co-Chair Stephenson and Rep. Wimmer expressed their support for the arts and science programs in the schools throughout the state.

Sen. Hillyard moved to adjourn. The motion passed unanimously.

Co-Chair Stephenson adjourned the meeting at 11:25 a.m.

The Committee traveled to West High School for lunch provided by the Prostart Culinary Arts class.